

# Emergency Regulations for Commercial Cannabis Distributors, Retailers, Microbusinesses, Temporary Cannabis Events, and Testing Laboratories.

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LORI AJAX

BUREAU OF CANNABIS CONTROL



**BUREAU** OF  
**CANNABIS**  
**CONTROL**  
CALIFORNIA

# MAUCRSA

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## **The Medicinal and Adult-Use Cannabis Regulation and Safety Act**

- A single regulatory system for commercial cannabis activity in California
- Requires all persons engaged in commercial cannabis activity to be licensed
- Allows local jurisdictions to control what activities are permitted in their jurisdiction
- Places the protection of the public as the highest priority

# Administrative Structure of MAUCRSA

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- Lead Agency
- Distributors
- Retailers
- Microbusinesses
- Testing Laboratories
- Temporary Cannabis Events



- Cultivators
- Track and Trace System



- Manufacturers

# Commercial Cannabis Activity

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Includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products

Does not include personal use cultivation that is done at a private residence in accordance with Health and Safety Code sections 11362.1 and 11362.2, or by a patient or primary caregiver pursuant to Health and Safety Code section 11362.77

Beginning January 1, 2018 all commercial cannabis activity shall be conducted between licensees

## **Who needs to be licensed?**

All businesses conducting commercial cannabis activity

A separate license is required for each location (premises) where the business engages in commercial cannabis activity

## **How many licenses can they have?**

The Bureau does not have any caps on the number of licenses a person may obtain

However, caps may be set by a local jurisdiction

## **Are there any restrictions on the type of license they can have?**

A person that holds a testing laboratory license is prohibited from licensure for any other activity, except testing

A testing laboratory is also prohibited from employing an individual who is also employed by any other licensee except for another testing laboratory licensee

# Licenses

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## TEMPORARY LICENSE

- Valid 120 days
- Submitted through the Bureau's online licensing system or paper application
- Must have a copy of a license, permit, or other authorization from the local jurisdiction

## ANNUAL LICENSE

- Valid 1 year
- Submitted through the Bureau's online licensing system or paper application
- Must not violate the local jurisdiction's regulations and ordinances

### Annual License Requirements:

- Information on: the business, individual owners, financial interest holders, the premises, and the business operating procedures

# Temporary License Application Requirements

- Owner applicant
- Legal business name
- FEIN
- Business entity
- Primary contact
- Owner information
- Attestation

## Required Information

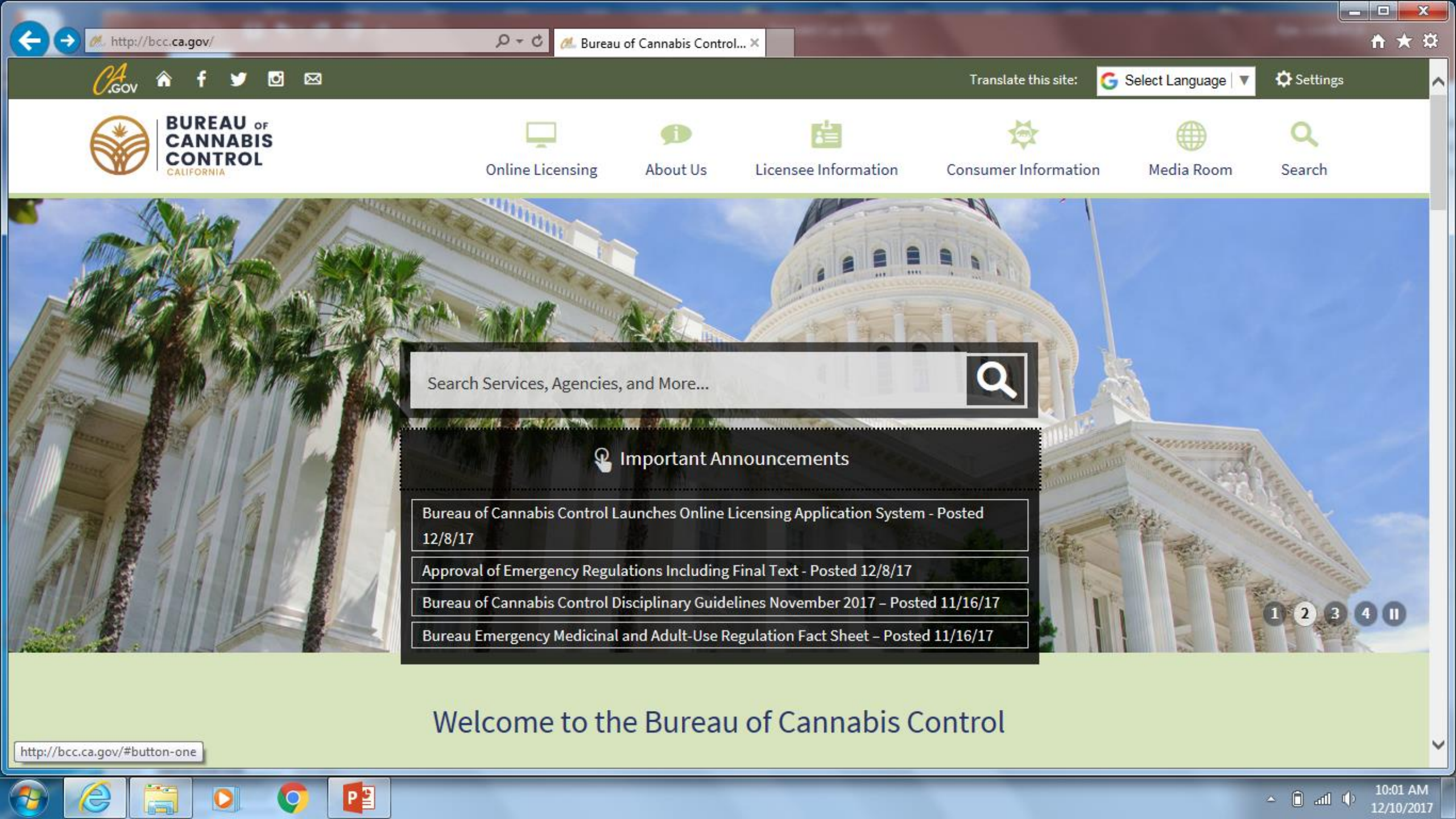
- Evidence of legal right to occupy
- Premises diagram
- Copy of valid license, permit, or other authorization by local jurisdiction

## Required documents

- May not be effective prior to 1/1/18
- May be extended:
  - For 90 days
  - With submittal of annual application

## Valid for 120 days





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### Important Announcements

Bureau of Cannabis Control Launches Online Licensing Application System - Posted 12/8/17

Approval of Emergency Regulations Including Final Text - Posted 12/8/17

Bureau of Cannabis Control Disciplinary Guidelines November 2017 - Posted 11/16/17

Bureau Emergency Medicinal and Adult-Use Regulation Fact Sheet - Posted 11/16/17

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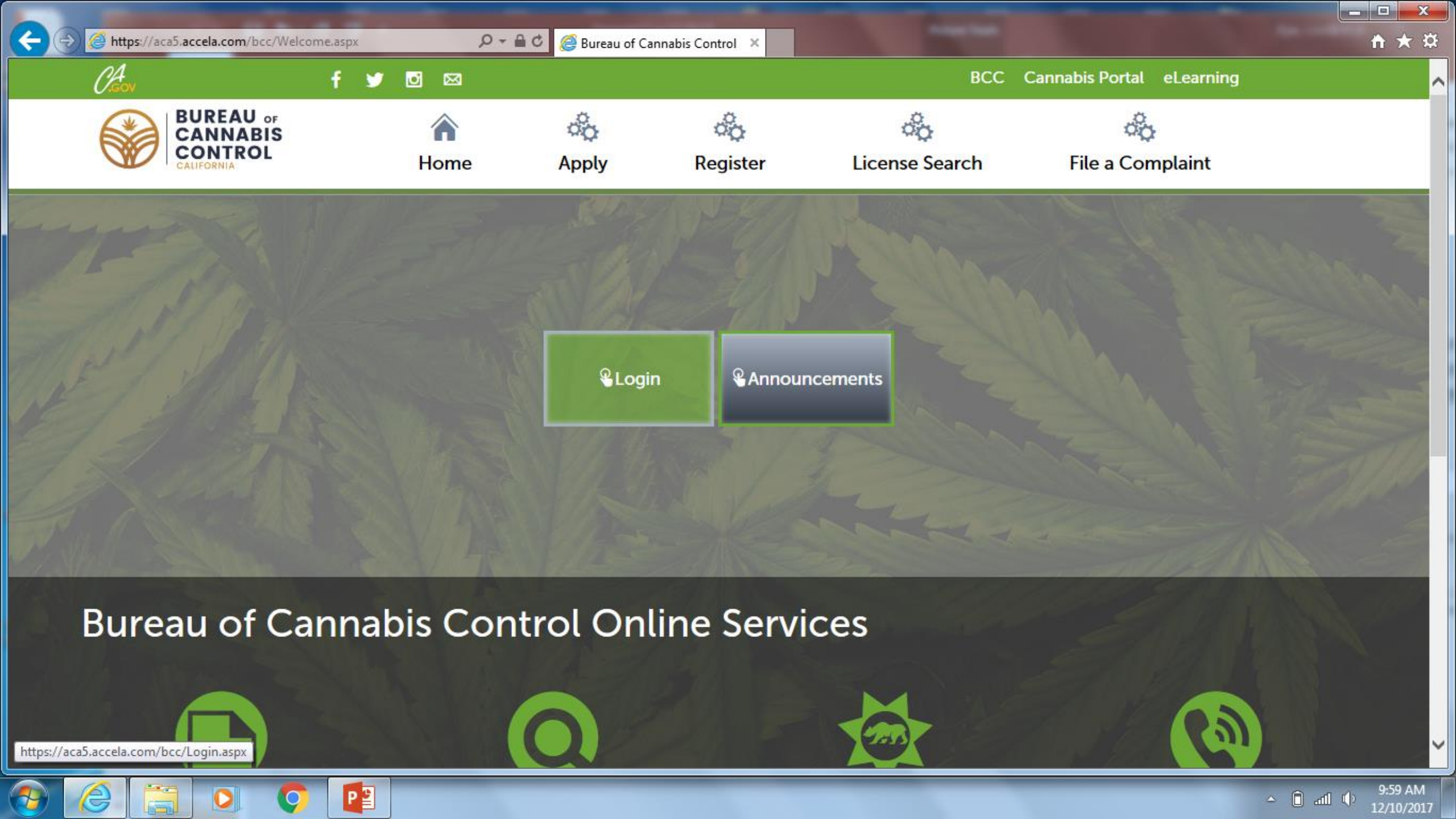
## Welcome to the Bureau of Cannabis Control

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BCC Cannabis Portal eLearning



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9:59 AM  
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# License Categories: M (Medicinal) or A (Adult-Use)

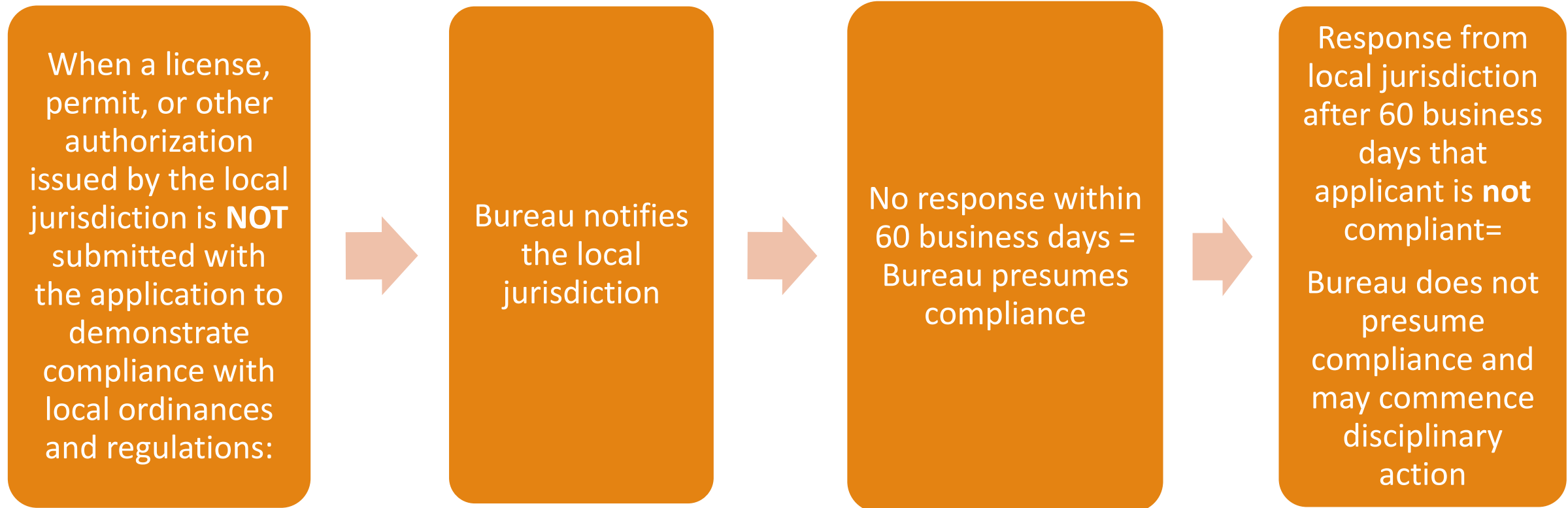
- Distributor (Type 11)
- Distributor Transport Only (Type 13)
- Retailer (Type 10)
- Non-Storefront Retailer (Type 9)
- Microbusiness (Type 12)
- Testing Laboratory (Type 8, no M or A designation)
- Cannabis Event Organizer (Type 14)
- Temporary Cannabis Event

# Compliance with Local Jurisdiction

When a license, permit, or other authorization issued by the local jurisdiction is submitted with the application to demonstrate compliance with local ordinances and regulations:

- Bureau contacts the local jurisdiction
- No response within 10 **calendar** days = Bureau considers the authorization valid

# Compliance with Local Jurisdiction



# Key Requirements

## Premises:

- Each premises requires a license
- Only one licensee may occupy a premises.
  - *Exception – a licensee holding both an A-License and M-License for the same commercial cannabis activity (e.g., retail sale) may have the same premises for both types.*
- Should not be located within 600 feet of a school (grades K-12, day care, or youth center) unless permitted by the local jurisdiction or state.
- A premises diagram is required with the application
- The landowner of the land upon which a premises is located must provide approval for the cannabis activity to be conducted

## Bond:

- Each licensee must have a \$5,000 surety bond payable to the State of California to cover the cost of destruction of cannabis goods

## Track and Trace

- All licensees must enter certain events into the track and trace system so that cannabis is tracked throughout the supply chain

# Key Requirements

## Owner

Means:

1. A person with an aggregate interest of 20% or more
  2. The CEO of a nonprofit or other entity
  3. A member of the board of directors of a nonprofit
  4. An individual who will be participating in the direction, control, or management of the business.  
This includes:
    - A general partner of a cannabis business that is organized as a partnership
    - A non-member manager or managing member of a limited liability company of a cannabis business organized as a limited liability company
    - An officer or director of a cannabis business that is organized as a corporation
- All applicants must have at least one member that meets the definition of owner.
  - All owners must submit fingerprints to the Department of Justice
  - Persons with a financial interest in the cannabis business must be disclosed on the application



# General Application Requirements (Not inclusive)

## **Business Information**

- Name, DBA, all fictitious business names
- Contact information
- Business Organizational Structure and formation documents
- Financial information
- Seller's permit number
- Labor peace agreement
- Operating Procedures
- Bond

## **Individual Owner Information**

- Identifying information
- Percentage of ownership
- Government-issued ID
- Fingerprints
- Criminal history and evidence of rehabilitation

## **Premises Information**

- Physical address
- Verification that the premises is not within a 600-foot radius of a school
- Premises Diagram
- Evidence of the legal right to occupy the premises

# Financial Interest

## What is a financial interest:

- Investment into a commercial cannabis business
- Loan provided to a commercial cannabis business
- Any other equity interest in a commercial cannabis business

## Information required of those with a financial interest, but not owners:

- Name
- Birthdate
- Government issued identification type and number

## Who is not required to be listed on the application:

- A bank or financial institution providing a loan
- Those with a diversified mutual fund, blind trust, or similar instrument
- Those with a security interest, lien, or encumbrance on property that will be used by the business
- Those with shares of stock that are less than 5% of the total shares in a publicly traded company

# DISTRIBUTOR

## Activities:

### Distributor

- Transporting cannabis goods
- Arranging for laboratory testing
- Conducting quality assurance review of cannabis goods to ensure they comply with all packaging and labeling requirements
- Storage of cannabis goods

### Distributor Transport Only

- Transports cannabis goods between licensed cultivators, manufacturers, and distributors
- Does not transport cannabis goods to retailer except for immature live plants and seeds being transported from a licensed nursery

## Key Requirements:

- CDTFA seller's permit
- Transport vehicles must have an alarm system
- Medicinal and adult-use cannabis goods may be transported together if they are clearly identified
- Must generate a shipping manifest prior to transporting

## Vehicle Requirements

Manned motor vehicle

Motor carrier permit if transporting for hire

Proof of ownership or valid lease

Year, make, model, license plate number, and VIN

Proof of insurance

## Personnel Requirements

No person under 21 in the transport vehicle or trailer

Only a licensee or employee shall be in a transport vehicle

# Retailer

## Activities:

### Retailer (Type 10)

- Sells cannabis goods to customers
- May deliver cannabis goods to customers

### Non-Storefront Retailer (Type 9)

- Sells and delivers cannabis goods to customers from a licensed premises that is not open to the public

## Requirements:

- A licensee with an A-license and an M-license may have the same premises for both types
- Sells and deliveries may only occur between 6:00 a.m. and 10:00 p.m. Pacific Time
- All cannabis goods must be placed in an opaque exit package prior to leaving the premises
- Deliveries may be made only by employees of the retailer
- Deliveries must be to a physical address
- Delivery vehicle may not contain more than \$3,000 of cannabis goods at any time
- The retailer must be able to immediately locate all delivery vehicles

# Retailer- Packaging and Labeling

Retailer cannot package or label cannabis goods

- *Exception: any dried flower held in inventory by a retailer at the time of licensure that is not packaged may be packaged by the retailer into individual packages for sale beginning January 1, 2018 and before July 1, 2018.*

Retailer cannot accept, possess, or sell cannabis goods if they are not packaged as they will be sold at final sale

Purchased cannabis goods cannot leave the premises unless in an opaque exit package





# Microbusiness

## Activities:

- Cultivation less than 10,000 square feet
- Manufacturing (non-volatile extraction, infusion, packaging, and/or labeling)
- Distribution
- Retail

## Requirements:

- Must engage in at least 3 of the 4 activities
- Must indicate which activities on the application and supply the appropriate information for those activities
- Must comply with all requirements for each activity the licensee engages in

# Temporary Cannabis Event

## Activities:

- Temporary event up to 4 days
- Allows onsite sale and consumption of cannabis goods

## Requirements:

- The organizer of the event must first obtain a cannabis event organizer license
- Sales of cannabis goods must be performed by a retailer or microbusiness approved to engage in retail
- Access to the area(s) where sales and/or consumption occurs is restricted to persons 21 years of age or older
- Consumption of alcohol or tobacco is not allowed on the premises
- Onsite consumption of cannabis goods must be done in accordance with the local jurisdiction's requirements
- Security must be present at the event

# Testing Laboratories

## Activities:

- Collects samples of each cannabis goods batch from the distributor's premises
- Tests cannabis goods in accordance with the Act and regulations for:
  - Cannabinoids
  - Foreign material
  - Heavy metals
  - Microbial impurities
  - Mycotoxins
  - Moisture content and water activity
  - Residual pesticides
  - Residual solvents and processing chemicals
  - Terpenoids
  - Homogeneity

## Requirements:

- ISO/IEC 17025 accreditation
- Must develop and implement a chain of custody protocol to document the transportation, handling, storage, and destruction of samples
- Must generate a certificate of analysis for each primary sample the lab analyzes
- Any cannabis or cannabis product sold to, or purchased by, a customer, must meet testing requirements

# Bureau Licensing Fees

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- Cover the cost of administering the Bureau's commercial cannabis program
- Application fees - Paid when the application is submitted
- License fees - Paid when the application is approved
- Amount of license fee - Scaled based on the maximum dollar value of the licensee's operation

For Questions and Additional Information Contact:

[www.bcc.ca.gov](http://www.bcc.ca.gov)  
[bcc@dca.ca.gov](mailto:bcc@dca.ca.gov)



Phone Number:  
1-833-768-5800



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